

# State of Wisconsin



1995 Senate Bill 483

Date of enactment: **June 6, 1996**  
Date of publication\*: **June 20, 1996**

## 1995 WISCONSIN ACT 414

AN ACT *to amend* 40.08 (8) (b), 40.08 (14), 40.23 (1) (b) and 40.73 (1) (d); and *to create* 40.03 (1) (p) and 40.23 (1) (bm) of the statutes; **relating to**: the effective date for a retirement annuity for persons who are rejected for long-term disability insurance benefits, permitting the group insurance board to offer a life insurance plan to persons who are eligible for the Milwaukee teachers' death benefit, increasing the time after which unclaimed published accounts are transferred to the appropriate employer account and rollovers to other retirement plans of certain lump sum and annuity benefits payable by the Wisconsin retirement system (suggested as remedial legislation by the department of employe trust funds).

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the department of employe trust funds and introduced by the law revision committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

**SECTION 1.** 40.03 (1) (p) of the statutes is created to read:

40.03 (1) (p) May, upon the recommendation of the actuary, transfer in whole or in part the assets and reserves held in any account described in s. 40.04 (9) to a different account described in s. 40.04 (9), for the purpose of providing any group insurance benefit offered by the group insurance board.

NOTE: This SECTION authorizes the employe trust fund board to transfer the assets of the Milwaukee teachers' death benefit to the group insurance board for the purpose of providing life insurance to the remaining persons who are eligible for the death benefit program. No new participants have been admitted to that program since 1982, and

the number of persons eligible for the benefit is decreasing. This provision will allow purchase of life insurance to provide the necessary benefits.

**SECTION 3.** 40.08 (8) (b) of the statutes is amended to read:

40.08 (8) (b) All moneys or credits in an account for a person presumed to have died intestate, without heirs or beneficiary, or to be abandoned by the person under par. (a) shall be applied, at the end of the 5th calendar year in which notice is published under par. (c), to the appropriate employer accounts to reduce future funding requirements.

NOTE: This SECTION increases to 5 years after which unclaimed published accounts are transferred to the appropriate employer account. Currently, the statutes require the department to transfer the unclaimed account to the employers' reserve if the participant has not claimed the account within one year of publication. Even though the funds have been transferred to the employers' account, the participant or his or her beneficiaries are entitled to the funds if they contact the department at a later date. When that happens, the department must administratively credit and debit the appropriate accounts. This SECTION will alleviate that administrative task by increasing the time

\* Section 991.11, WISCONSIN STATUTES 1993-94: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

period after which transfers must occur to 5 years. The recommendation has no fiscal effect.

**SECTION 4.** 40.08 (14) of the statutes is amended to read:

40.08 (14) (title) ~~LUMP-SUM ROLLOVERS~~ ROLLOVERS TO OTHER RETIREMENT PLANS. If a participant who is entitled to receive a lump sum payment or an annuity certain of less than 10 years in duration from the Wisconsin retirement system and who has an account established under any other retirement plan located in the United States so directs in writing, on a form prescribed by the department, the department shall pay the lump sum payment directly to the participant's account under that other retirement plan for credit under that other retirement plan.

NOTE: Under current law, terminated employees have the right to roll lump sum payments over to other retirement plans. This SECTION will allow rollovers to other retirement plans of either lump sum benefits or a monthly annuity certain of less than 10 years in duration. This will provide greater retirement flexibility to terminated and retired employees as well as conform state law to s. 401 (a) (31) of the internal revenue code.

**SECTION 5.** 40.23 (1) (b) of the statutes is amended to read:

40.23 (1) (b) ~~All~~ Except as provided in par. (bm), all retirement annuities shall be effective on the day following, or on the first day of a month following, the date of separation from the last participating employer by which the participant was employed, as specified by the participant in the written application for the annuity. However, the date shall not be more than 90 days prior to the date of receipt of the application by the department. The participant may specify that additional contribution accumulations shall not be applied to provide an annuity until a subsequent application is filed for an annuity to be paid from the additional contribution accumulations.

NOTE: This SECTION creates an exception to the requirement that all annuities shall be effective on the day following, or on the first day of a month following, the employee's date of separation of service. The exception is in s. 40.23 (1) (bm), as created by SECTION 6.

**SECTION 6.** 40.23 (1) (bm) of the statutes is created to read:

40.23 (1) (bm) If an application by a participant age 55 or over, or by a protective occupation participant age 50 or over, for long-term disability insurance benefits is

disapproved under rules promulgated by the department, the date which would have been the effective date for the insurance benefits shall be the retirement annuity effective date if requested by the applicant within 60 days of the disapproval or, if the disapproval is appealed, within 60 days of the final disposition of the appeal.

NOTE: Under current law, a person who is of minimum retirement age may apply for a retirement annuity if found to be ineligible for either long-term disability insurance benefits or a disability annuity. However, if the application for a disability annuity is rejected, the statutes allow the department to consider the date that the participant applied for the disability annuity as the date of application for a retirement annuity. The statutes do not apply the same privilege to the person whose application for long-term disability insurance benefits is rejected, and the department may not backdate the effective date for a retirement annuity to the date the application for long-term disability insurance benefits was filed. This can result in a significant monetary loss for the person who applied for long-term disability insurance benefits, depending upon the time between when the long-term disability insurance benefits application was filed and the date rejected. This SECTION will allow backdating of the effective date for a retirement annuity to the date the application for long-term disability insurance benefits was filed.

**SECTION 7.** 40.73 (1) (d) of the statutes is amended to read:

40.73 (1) (d) Increased, upon the death of a participant who had elected the additional benefit provided by s. 42.81 (14), 1979 stats., and continued making the contributions provided for in s. 42.81 (14), 1979 stats., and was eligible for the benefit on December 15, 1988, by an amount and for a period determined by the actuary and approved by the board as being appropriate to the level of contributions provided for in s. 42.81 (14), 1979 stats. The board may require that the payment of benefits under an insurance contract be paid in lieu of any benefits provided under this paragraph, but only if the benefits under the insurance contract are at least equal to the benefits that would otherwise have been paid under this paragraph on the date on which the insurance contract went into effect.

NOTE: This SECTION authorizes the payment of benefits for those persons eligible for the Milwaukee teachers' death benefit through the purchase of life insurance by the group insurance board. The assets transferred under s. 40.03 (1) (p) will be utilized for this purpose.